

BUSINESS TECHNOLOGY LEADERSHIP

The ripple effect on IT spending 14

Using a managed services model **18**

Tips for making the right investment 19

A tool for organizing what you know **32**

May 15, 2009 \$9.00

BY KIM S. NASH

Why J.C. Penney won't cut its technology budget 16

Your potential. Our passion.
Microsoft

MSC



To get the full MSC
story on your phone,
snap a picture of this
tag. (Requires a free
mobile app from
<http://gettag.mobi>)



Mediterranean Shipping Company has discovered a new form of energy.

Mediterranean Shipping Company (MSC) is the second-largest container ship line in the world, with a database that tracks more than 210 billion transactions a year. The company recently upgraded its database to Microsoft® SQL Server® 2008, not only to handle this massive load, but also to simplify MSC's database administration and help ensure high availability. Which is like a new form of energy for MSC. See the whole story at SQLServerEnergy.com



Microsoft®
SQL Server® 2008

**JUNIPER CAN DELIVER
5X SECURITY PERFORMANCE
FOR 50% LESS* THAN CISCO.
WE PROTECT YOUR DATA
AND YOUR BOTTOM LINE.**

DEMAND MORE
IT SERVICES WITHOUT BOUNDARIES.

Take a minute to watch our Distributed Enterprise Solutions video. Start getting the connectivity, security and savings you need to take your business further at juniper.net/nolimits



KEEP ONLINE TRANSACTIONS FAST AND TIME-TO-VALUE FASTER.



CA Wily Application Performance Management is designed to improve the performance and availability of mission critical and revenue-generating applications. So you can quickly spot and correct online production application incidents before they become customer problems — especially in complex and high volume transaction environments. *That's the power of lean.*

Learn more at ca.com/apm

Copyright © 2009 CA Wily. All rights reserved.

ca Software



6

Start

From the Editor in Chief **6**
 Chatter **6**
 From the Publisher Emeritus **8**
 News Scan **10**
 What We're Reading **12**

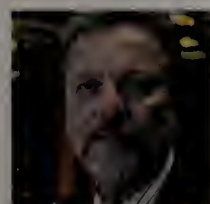
Grow

INNOVATION & BUSINESS VALUE

The ripple effect of the federal stimulus **14**
 Computers you can wear **15**
 The Charlie Feld Interview: J.C. Penney's IT investment strategy **16**



14



18

Run

LEADERSHIP & OPERATIONAL EXCELLENCE

Using managed services to cut offshore costs **18**
 Advice for deploying desktop video conferencing **19**
 Aker Philadelphia Shipyard's integration of legacy HR systems **22**

Thrive

YOUR LIFE & CAREER PATH

Fueling productivity with mind maps **32**
 Managing stressed-out employees **33**
 Center Stage: The power of a good story **36**
 Negotiating a severance deal **37**



32



40

Finish

A database that helps a garden grow **40**
 Index **38**

The F Word **24**

COVER STORY That is, failure. Veteran CIOs share the ways it teaches, motivates and even inspires.

BY KIM S. NASH



24

An early career roadblock taught Sysco CIO **Twila Day** how to handle many types of negative situations.



FROM THE
EDITOR IN CHIEF

start

The Failure Option

Failure happens. Despite the popularity of that macho business slogan, sometimes failure actually is an option. Certainly not one we would choose. But one that chooses us.

So how do we count the many ways to fail? There are failures of leadership and strategic thinking gone awry. There are failures of communication, leading people to bad decisions or mistaken assumptions. There are failures of business models that no one could foresee or forestall.

But the real test for CIOs these days is not merely surviving failure but gaining wisdom from its intrinsic lessons. Unfortunately for us all, the current economy probably has many more such assignments to dole out.

Our cover story this issue ("The F Word," Page 24) is all about extracting value from failure—even in a culture that glorifies winning at all costs.

"It takes both courage and some political capital to stand up and say, 'We've made a mistake,'" says CIO Don Goldstein of \$5 billion CB Richard Ellis, a commercial real estate services company. In describing the wrenching decisions that CIOs must sometimes make to halt wayward IT projects, he notes, "You make commitments. The last thing you want to do is not live up to them."

As you read the searingly honest accounts of these lessons-learned-under-fire, you may recognize familiar scenarios from your own career. Like the time you picked a project leader who alienated the senior business team, as CIO Chris Barron of CPS Energy did. Or the time a major network outage showed just how far past its limits you'd pushed existing infrastructure, as CIO John Halamka of Beth Israel Deaconess Medical Center did.

Yet the resiliency that failure builds can be a definite plus on an executive résumé—the mark of a leader able to handle adversity. That's happening in real-time for CIO Rob Fort of Virgin Megastores North America, as the company closes all its U.S. music stores and Fort manages the shutdown. "I have the desire to do this with integrity," he says.

Indeed, integrity is never in short supply with our readers. We are especially grateful to the CIOs who so generously shared some of their most difficult personal and professional hurdles with us for this story.

As CIO Twila Day of Sysco so aptly puts it: "You learn more when something goes wrong than when everything goes right."

Maryfran Johnson, Editor in Chief, CIO Magazine & Events
mfjohnson@cio.com

CHATTER

Trouble in the C-Suite?

CIO magazine columnist Martha Heller's latest **Movers and Shakers blog** notes a troubling trend: "I have spoken with **CIOs** across multiple industries who **have left their jobs**—whether voluntarily or not—and **their CEOs have decided not to replace them**." According to Heller, these CEOs opt to have a "second in command" IT operations director hold down the fort for the foreseeable future.

Fortunately, it's not all doom and gloom. Heller also reports of new CIOs at food retailer Delhaize Group, Work-flowOne, The Main Street America Group, Aequis Capital Management and elsewhere. advice.cio.com/node/7710

Must be the Money

ERP blogger and CIO.com Senior Editor Thomas Wailgum has a theory as to **why IT is always vilified as a cost center**. "The number-one reason for such executive disdain is due to the '3 C's' of ERP systems—cost, complexity and customization." advice.cio.com/node/7646

Wailgum also offers up **Ten Things I Just Don't Get About Tech** (one of a series of posts in which he also shares his technology loves and hates). Topping the list is the BlackBerry and its devotees who click away in meetings. Our favorite is number five: "Why can business executives still fall back on the familiar 'IT doesn't get the business' mantra when **it's painfully obvious that the business doesn't want to get IT?**" advice.cio.com/node/7678

While we're on the subject of CEOs confused about tech, see what you think about the advice from David Taber, CEO of SalesLogistix, who recently shared how to **explain Salesforce.com to your CEO**. According to Taber, like any modern software as a service, the salesforce automation CRM system has its share of ▶▶▶

Game-Changing

Performance Improvements are Possible with Comprehensive Integration Strategy

New research reveals significant opportunity

Comprehensive integration solutions

Forrester Consulting recently completed commissioned research on behalf of Sterling Commerce that illustrates why enterprises should employ a comprehensive integration solution for both external business to business (B2B) integration and internal enterprise integration. Companies often spend more on integration-related projects than needed because they are implementing point solutions without understanding the broader implications. A comprehensive integration solution is crucial in making game-changing improvements that allow businesses to leapfrog their competition.

Several root causes why companies' integration solutions are ineffective

In fact, more than 80 percent of the 260 IT executives surveyed rated their integration infrastructure as somewhat ineffective and plan on upgrading their internal and external integration capabilities during the next 12 months.

One of the primary causes is that an overabundance of integration tools exists

within enterprises. This is caused when organizations implement integration solutions which benefit a single business unit and fail to consider the implications across other systems, business units or trading partners. More than 56 percent of survey respondents said that the use of multiple integration tools is the primary issue limiting their ability to have an effective integration strategy.

Companies have done little to address the obvious

Companies are aware of their comprehensive integration needs, but have done little to address the obvious shortcomings of point solutions. And, though point integration solutions are widely in place, many companies do not yet understand the full breadth and scope of their broader integration needs.

Research recommendations

Companies should consider replacing several (in some cases older) tools with a single comprehensive integration suite that connects them with customers and partners, across business units, and into legacy systems.

The commissioned Forrester study supports this saying, "Comprehensive Integration Solution tools enable enterprises to achieve higher levels of business agility, which can be thought of as a combination of the level of operational efficiency that an enterprise can sustain and its ability to develop new and innovative solutions quickly."*

Don't half step

Incremental integration improvements will not achieve the desired result. The broader enterprise-wide approach to integration is the best (and recommended) path for achieving increased efficiency and greater agility.

The Sterling Business Integration Suite™

Sterling Commerce has a comprehensive set of market leading solutions that enables customers to address their integration challenges, both inside and outside of their enterprise. The Suite eliminates the need to rely on multiple vendors and complex cross-vendor implementations.

The Sterling Business Integration Suite allows organizations to reduce the total number of integration tools by using one suite rather than relying on the implementation of many individual integration tools. The Suite also enables companies to capture the greatest amount of value and ROI, while reducing the complexity and total cost of ownership of deploying a comprehensive integration strategy.

Download the full report for **free** to discover how to address your comprehensive integration challenges:
sterlingcommerce.com/CIO

Sterling Commerce
An AT&T Company

Figure 4: Limitations On Integration Effectiveness

"Which of the following issues limits the effectiveness of your current integration capability?
Check all that apply." (n=260)



Base: Online survey of 260 IT decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sterling Commerce, December 31, 2008.

* "The Value of a Comprehensive Integration Solution," a commissioned study conducted by Forrester Consulting on behalf of Sterling Commerce, December 2008.



FROM THE
**PUBLISHER
EMERITUS**

The Best Time to Start a Business

The U.S. economy has weathered 18 recessions spanning a total of 90 years since 1776, not including the current downturn. Each of those 18 prior recessions, some with descriptive names like "The Long Depression," which lasted a whopping 23 years from 1873 to 1896, had one thing in common.

They ended. And so will this one.

Thirty years ago, when I was a research analyst at McGraw-Hill, I analyzed the 1979 Fortune 500 list to determine what percentage of those companies had incorporated during a recession. It was about 40 percent.

I decided to repeat the analysis with the 2008 Fortune 500 list, and here is what I discovered:

Among the companies on the 2008 Fortune 500 list, 35 percent incorporated into business during a recession—a number that is remarkably similar to my 1979 analysis.

So I decided to go further.

I put under my economic microscope only the top 100 companies on the list. I was curious to learn if more or fewer than 35 percent of these largest companies had incorporated during a period of economic contraction.

Are you ready? Forty-six percent of the Fortune 100 incorporated during a downturn.

It gets better: 52 percent of the Fortune 50, 64 percent of the Fortune 25 and seven of the Fortune 10 all opened their doors while economic pain was all around them.

So what does this analysis mean? I have reached two conclusions:

First, if you are pining to start a company that you believe can scale to be one of the world's most dominant firms, you shouldn't be afraid to start it in a recession.

Second, watch your back. That 35 percent of the nation's 500 largest public companies launched during a period like the one we're in is stark evidence that—the recession notwithstanding—competitors are starting up all around you.

If you would like a slide recapping the data, just send me an e-mail.

Gary Beach, Publisher Emeritus
gbeach@cio.com

►►► **Chatter** Continued from Page 6

business payoffs and misconceptions, only some of those points are going to be relevant to your CEO. So focus on those.
www.cio.com/article/490196

Listen to Yourself

IT tends to be more about logic than intuition, but **even techies need to listen to their gut now and then**—especially when making business or career decisions. Senior Online Editor Meredith Levinson shares advice from psychotherapist Karol Ward who has counseled many a patient through making tough decisions (and who isn't faced with tough decisions these days). Says Ward: **"When you get caught in that battle of 'It looks right but feels wrong,' pay attention."**
www.cio.com/article/488569

Nothing But Netbooks

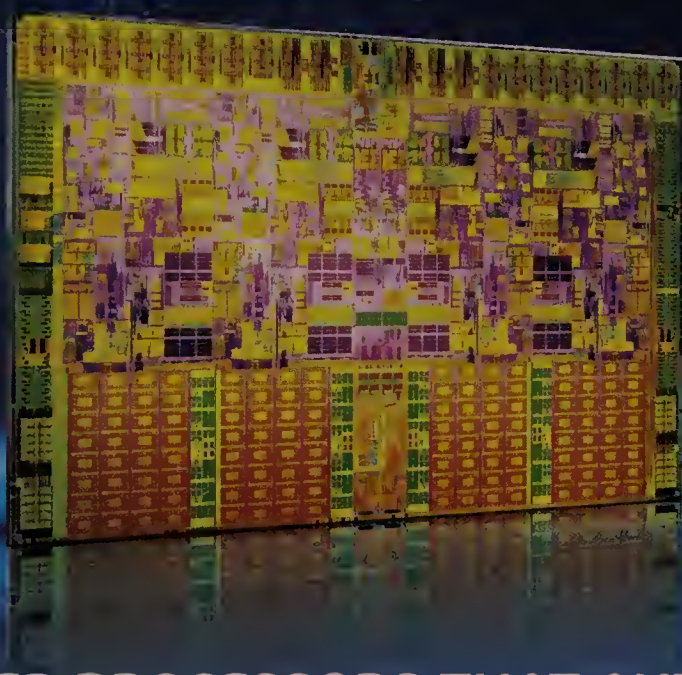
Do good things really always come in small packages? Online Senior Writer Shane O'Neill shares **Three Reasons Netbooks Are Not Enterprise Ready** despite their charming size and can't-beat-it price. But his assertion that IT pros would like to see them be "bigger and faster" didn't go over so well. As one commenter explained: "Saying that you'll consider Netbooks when they're bigger and more powerful is like saying I'll buy a Smart Car when they're as big and powerful as a regular car and get the same MPG."
www.cio.com/article/489520

As the size debate continues, no one is arguing about the price point. So **what's an IT pro's dream Netbook look like?** Better Wi-Fi, remote management and security would go a long way toward swaying IT managers to consider these mini machines as primary devices, says O'Neill in a follow-up piece. www.cio.com/article/490592

Compiled by Christine Celli. Have a comment about a story in this issue of CIO? Go to www.cio.com/magazine/20090515 or write to letters@cio.com.



SMART. IT'S THE NEW SPEED.



SERVER PROCESSORS THAT AUTOMATICALLY
ADAPT TO YOUR WORKLOAD.
THAT'S THE NEW IT INTELLIGENCE.

intel.com/intelligence

Get an estimated eight-month return on investment with new Intel® Xeon® Processor 5500-based servers. They deliver up to eight times greater performance per server over single-core servers, while reducing operating costs by up to 90%*.



*Performance comparison using SPECjbb2005 business operations per second. Eight-month estimated payback is an Intel estimate as of November 2008 comparing the cost savings achieved in 9:1 server consolidation from power/cooling and OS licensing versus the cost of purchasing a new server featuring Intel® Xeon® processor 5500 series. All results are provided for informational purposes only. Any difference in system hardware, software design or configuration may affect actual performance and/or cost savings. For detailed calculations, configurations and assumptions, see www.intel.com/performance ©2009 Intel Corporation. Intel, the Intel logo and Xeon are trademarks of Intel Corporation in the United States and other countries.

NEWS

Grants Awarded to Universities For Cloud Research

The National Science Foundation awarded nearly \$5 million in grants to 14 universities participating in a cloud computing project supported by IBM and Google. Recipients include Carnegie-Mellon University, MIT and Purdue University. The project provides a virtual lab where students can learn to develop parallel applications. *Network World*

Can a Computer Win "Jeopardy"?

IBM announced it's in the final stages of completing a computer program that can compete against human "Jeopardy" contestants.

The company last put artificial intelligence to the test when its supercomputer beat world champion Garry Kasparov at chess in 1997. This latest effort would represent significant advancements as "Jeopardy" requires the program to interact with humans quickly and weigh an infinite range of relationships. *The New York Times*

Network VC Funding Dips Below \$1 Billion

Venture capital investments in network companies have dropped below \$1 billion in a quarter for the first time since 1996.

Even in the years immediately following the dotcom bust, quarterly investments in U.S. networking vendors never fell below \$2 billion. But in the first three months of 2009, investors gave only \$935 million, according to data provided to *Network World* by PricewaterhouseCoopers and the National Venture Capital Association, authors of the quarterly MoneyTree Report. The network funding totals reflect a nationwide drop in venture capital investments. *Network World*

FBI Cyber-Chief: Conficker Hype a "Problem"

Media hype leading up to the Conficker worm's April 1 software update may have distracted people from legitimate cyberthreats, says the Federal Bureau of Investigation's head of cybersecurity.

"For the general public to focus on Conficker is a bit of a problem for us as a society," says Shawn Henry, assistant director of the FBI's Cyber Division. "There are dozens of Conficker-like threats and vulnerabilities out there. While the media stories helped to raise awareness, I think that focusing people on that particular aspect perhaps took their attention from the overall threat, which is just as great or greater than Conficker itself." *IDG News Service*

Study: Replace Old Laptops—It's Cheaper

Companies looking to cope with declining IT budgets by postponing the purchase of new laptop computers are likely making a mistake, according to a report by the Northborough, Mass.-based technology consultancy J. Gold Associates.

By extending the use of laptops two years beyond the traditional three-year lifespan, companies shell out an average of \$1,050 per machine—or more than the replacement cost—with repair costs rising due to age and warranties ending. Furthermore, using outdated equipment costs a company about \$9,600 per laptop user in lost worker productivity, the study found. *Computerworld*

AT&T Sees Surge in Wi-Fi Usage

AT&T reported a surge in Wi-Fi usage in the first quarter based on several factors, including growth in the number of hot spots it supports along with an increase in the number of its broadband users and consumers equipped with Wi-Fi-enabled devices.

For the first three months of 2009, AT&T reported 10.5 million Wi-Fi connections, more than triple the amount for the first quarter of 2008. That's more than half of the 20 million total Wi-Fi connections it had in 2008. A connection is an instance in which a user activates a device to reach the Internet via Wi-Fi. *Computerworld*

HP Among Vendors to Benefit from Small Deals

Outsourcing deals may be getting smaller, but HP continues to land multimillion dollar, multiyear contracts via its EDS company. The division announced last month that it had signed a services agreement with the California Department of Corrections and Rehabilitation. This latest deal comes on the heels of reports from industry watchers such as Gartner and TPI, both of which recently noted a trend toward smaller, more focused outsourcing contracts. *Network World*



BUSINESS TECHNOLOGY LEADERSHIP

PRESIDENT AND CEO Michael Friedenberg
GROUP PUBLISHER Bob Melk
PUBLISHER EMERITUS Gary J. Beach

EDITORIAL

EDITOR IN CHIEF
Maryfran Johnson

EXECUTIVE EDITOR
Elana Varon

SENIOR EDITORS
Steff Gelston, Kim S. Nash

ASSISTANT MANAGING EDITOR
Christine Celli

ASSOCIATE EDITOR
Kristin Burnham

CONTRIBUTORS
Diann Daniel, Jarina D'Auria,
Stephanie Overby, Joan Indiana Rigdon
ASSISTANT EDITOR
Simone Levien

CONTRIBUTING EDITORS

CIO EXECUTIVE COUNCIL
MANAGING DIR., CONTENT AND EVENTS
Rick Pastore
CONTENT DEVELOPMENT SPECIALIST
Diane Frank

DESIGN

EXECUTIVE DIRECTOR, ART AND DESIGN
Mary Lester
ART DIRECTORS
Terri Haas, Steve Traynor

ONLINE EDITORIAL

EDITORIAL DIRECTOR
Brian Carlson
TECHNOLOGY EDITOR
Laurianne McLaughlin
SENIOR ONLINE EDITORS
Meridith Levinson, Thomas Waigum
SENIOR ONLINE WRITERS
Tom Kaneshige, Shane O'Neill
STAFF WRITERS
C.G. Lynch, Al Sacco

RESEARCH

RESEARCH MANAGER
Carolyn Johnson



CXO MEDIA INC.

©CXO Media Inc.

INTERNATIONAL DATA GROUP
CHAIRMAN OF THE BOARD
Patrick J. McGovern

IDG COMMUNICATIONS, INC.
CEO
Bob Carrigan



CONTACT US

WHO COVERS WHAT www.cio.com/staff
E-MAIL letters@cio.com
PHONE 508 872-0080



Beyond Cost-Cutting

In this economy, CIOs should be focused on gaining efficiencies and making strategic investments

Tom Burlin, COO, AFFILIATED COMPUTER SERVICES (ACS) INC. Burlin directs the day-to-day operations of ACS' five business groups—Government, Commercial, Transportation, Information Technology Solutions and Business Process Solutions. He joined ACS in June 2005 after a 26-year career with IBM.

In this economy, why is a narrow cost-cutting strategy dangerous?

The worst thing a company can do is simply cut costs and wait for these tough times to pass. Simply slashing budgets—while it may or may not improve balance sheet strength and liquidity—does nothing to position the business for an eventual eco-

nom recovery, or a go-to-market or customer service issue.

Specifically, CIOs should ask:

- How can I streamline a complex IT infrastructure that has been allowed to build up over the last decade?
- How can I mitigate risk?
- What can I do to improve the

different processes—such as automation or digital applications—can offer different options of meeting their customers' needs.

As an outsourcing partner, we appreciate that how business environment operates is directly tied to the specific growth strategies of the corporation, with the need for flexibility to speed product to market and respond to changing demands.

Smart companies should examine their entire operation from top to bottom.

nom recovery. Smart companies should examine their entire operation from top to bottom, identify inefficiencies and find ways to lower their cost base.

However, identifying efficiencies is only half the equation. If we look at the lessons of past slowdowns, those companies that emerged successfully did not necessarily make the deepest cuts to their cost base. Rather, they focused on optimizing and reinvesting any immediate savings into strategic areas of their business to better position themselves for growth when the upturn inevitably arrived.

What questions should CIOs be asking themselves about their organizational goals?

After making initial adjustments, CIOs should examine what they need to do to transform their business to emerge stronger. Of course, the transformation will vary from company to company. It may focus

on further cost reductions, or a go-to-market or customer service issue.

How can CIOs use an outsourcing partner to help them adapt in this fast-changing environment?

Information technology and business processes are integral to all organizations and require significant investments in fast-moving technologies, a trend that will only accelerate with the globalization of business. CIOs can share the burden of managing the ever-changing global IT infrastructure with a valued outsourcing partner that specializes in keeping up with fast-moving technologies. An outsourced IT environment delivers a lower cost of ownership, guaranteed system availability and built-in continuity.

An outsourcing partner can also provide a dispassionate review of a company's business processes. Applying new or

Why does outsourcing offer a competitive advantage in this economy?

Outsourcing provides a proven solution that businesses need to weather the current economic storm and emerge stronger once the economy improves. Specifically, by outsourcing their IT and business processes to a reliable partner, companies can benefit from streamlined operations; improved quality, productivity and accuracy; decreased operational costs; and other competitive advantages. Plus, the ability to quickly scale an outsourcing environment—either wider or narrower—is an advantage when the economy rebounds.

FOR MORE INFORMATION:

Download a copy of ACS' white paper on "Proven Ideas for Tough Times," at www.cio.com/whitepapers/acs_ideas. Further information can be found at www.acs-inc.com

expertise in action™



CIO

Custom Solutions Group

books, blogs and the
latest research about IT,
management and leadership

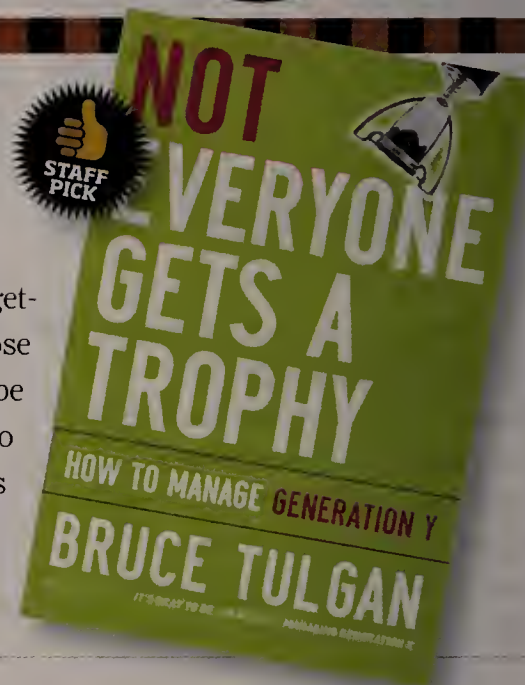
what we're Reading

Not Everyone Gets A Trophy

How to Manage Generation Y

By Bruce Tulgan

IF AUTHOR AND business advisor Bruce Tulgan is to be believed, you're getting bad advice on how to manage Gen Y. After ten years of researching those born between 1978 and 1990, Tulgan finds that while it's true that this may be the most high-maintenance generation in history, it also has the potential to be the most high performing. To manage them well, the key is to think "less Google, more U.S. Army." A fun office isn't nearly as important as strong, highly engaged leadership. *Jossey-Bass, 2009, \$24.95*



Management Rewired

Why Feedback Doesn't Work and Other Surprising Lessons from the Latest Brain Science

By Charles S. Jacobs

BOOK Never mind managing Gen-Y. "It turns out most of what we thought we knew about management is probably wrong," writes Jacobs, a management consultant. He cites recent neuroscience research to argue that improving performance requires engaging employees' emotions more than it does setting measurable goals. And he explains why traditional approaches to rewarding employees (such as pay raises) might not motivate them the way you think. *Portfolio, 2009, \$25.95*

PageTutor.com

BLOG Hear enough talk about the economic stimulus plan and you can easily forget how much money is involved. We freshened our perspective at PageTutor.com, a site popular for its HTML and JavaScript tutorials. They used Google Sketchup to depict just what one trillion dollars actually looks like—sobering to say the least. www.pagetutor.com/trillion

Stealing MySpace

The Battle to Control the Most Popular Website in America

By Julia Angwin

BOOK MySpace may seem like small potatoes these days with Facebook and Twitter stealing all the headlines.

(Except, of course, for the news that MySpace CEO Chris DeWolfe resigned.) But Pulitzer Prize-winning reporter Julia Angwin (of the *Wall Street Journal*) unveils the story behind its creation, the backroom deals that lead to Rupert Murdoch owning it and why the sordid tale might end up defining the digital era. *Random House, 2009, \$27*

Department of the Navy CIO Blog

BLOG Want to know what keeps a military CIO up at night? Rob Carey, CIO for the Department of the Navy, shares what's on his mind as he weighs IT decisions for his department including how best to give the Obama administration the collaboration tools it demands.

www.doncio.navy.mil/blog.aspx

Jeff Immelt and the New GE Way

Innovation, Transformation and Winning in the 21st Century

By David Magee

BOOK It's been almost nine years since Jeff Immelt replaced departing CEO Jack Welch in the C-suite of GE, and the skepticism over whether he could ever fill Welch's shoes has been replaced with a resounding "yes," says Magee. With Immelt at the helm, GE doubled its profits and solidified its status as a world leader in technological innovation. *McGraw Hill, 2009, \$25.95*

Compiled by Christine Celli. Tell us what you're reading: Go to advice.cio.com/blogs/the_techie_reading_list.

CLEAR AND PRESENT OPPORTUNITY.

While today's economy may be challenging, it may also be an opportunity to find a better business partner. Someone who can provide you the resources you want and the tailored solutions you need. At Qwest®, we provide integrated voice and data network solutions designed to help your business boost efficiency and productivity. So you'll get big business resources with small business resourcefulness. Learn more at qwest.com/business.

Get Qwest. Get Nimble.™





The Stimulus Ripple Effect

Most companies must wait for the benefits of the federal boost to IT

BY JOAN INDIANA RIGDON

The IT provisions of President Obama's stimulus package will pump plenty of cash into the health-care and broadband industries. But CIOs in other sectors will benefit eventually, analysts say.

For instance, although most of \$19.5 billion to modernize health records management will go to healthcare providers and their technology vendors, "any kind of modernization that makes health records more readily available improves the ability to transition across geographies and from doctor to doctor," says Tom Murphy, CIO at AmerisourceBergen, a pharmaceuticals distributor. "That drives more prescriptions into the pipeline, and more volume drives value to our organization."

Such benefits are years away, however. Most of the health IT spending comes in the form of reimbursements, which begin flowing in 2011, says Rob Atkinson, president of the Information Technology and Innovation Foundation (ITIF), a think tank. Atkinson advised the Obama team on the economic impact of technology investments.

The stimulus package also provides \$7.2 billion in grants through September 2010 to ►►►

.....↓ **5.1 million jobs** since December 2007 U.S. Department of Labor↑ **\$2.5 billion U.S. exports** in February 2009 Bureau of Economic Analysis↓ **\$2.3 trillion** Estimated U.S. GDP shortfall due to lower student achievement McKinsey

Health Care at Your Service

build out broadband networks in unserved and underserved rural and urban areas. These might increase broadband penetration by 3 to 5 percentage points nationally, Atkinson says. "That's not a large enough number to change corporate strategy," he says, though it will help "at the margin," companies that rely on broadband-enabled customers.

Craig Settles, a broadband analyst and consultant based in Oakland, believes that for some CIOs, the impact will be greater. "High-speed broadband in rural areas with great real estate rates and a high quality of life opens up a strong alternative from the standpoint of out-sourced IT services and outsourced call-center activity," Settles says, as opposed to offshore locations. Many companies, including Northrop Grumman, have already set up satellite operations in small-town America. While there are no definitive statistics, he says onshoring to towns that get broadband should become increasingly attractive as wages have risen abroad and as U.S.-based organizations acknowledge that it is easier to manage workers who are closer to home.

Green IT and Tax Breaks

The stimulus is also expected to increase corporate spending on green IT. The package provides for \$11 billion for a smart electrical grid and \$4.5 billion for greening office buildings.

The smart grid money will go to utilities and their IT vendors, but the grid itself, as well as the money for greening buildings, should influence companies in all industries to optimize power usage, says Todd Thibodeaux, CEO of CompTIA, a trade association. And that will affect how they purchase and manage everything from data farms to desktop PCs. "There'll be increasing visibility and awareness when companies put up new buildings and new facilities."

Another provision extends accelerated capital depreciation allowances through the end of 2009 for businesses that buy less than \$800,000 of equipment. Businesses can depreciate purchases of up to \$250,000, about double the normal amount. All companies, even large ones, may depreciate half of the cost of certain capital purchases during the first year.

These tax breaks allows CIOs to make investments that might otherwise be too costly. At least for now. "It's a short-term shot in the arm to get purchases moving," Thibodeaux says.

Joan Indiana Rigdon is a freelance writer based in Maryland.

Electronic medical records aside, consumers say IT can make managing their health care more convenient

Top self-service applications

Booking appointments	54%
Receiving test results or follow-up information	54%
Seeing and managing personal health information	43%
Getting information about healthcare issues	41%
Getting directions to locations within a hospital	37%

SOURCE: NCR/Buzzback Market Research

Wear the Web

The wunderkinds at MIT's Media Lab have developed a gesture-controlled, wearable computing device that feeds you information and turns any surface into an interactive display. Called "Sixth Sense," the gadget relies on certain gestures and on object recognition to call up virtual gadgets and Web-based information.

MIT associate professor and founder of the school's Fluid Interfaces Group, Pattie Maes, and graduate student Pranav Mistry developed the Sixth Sense, a \$350 prototype using off-the-shelf components—a webcam and portable battery-powered projector with a small mirror—that they fashioned into a pendant-style necklace that communicates with a cell phone.

There's no release date for the technology yet. Maes calls it, "very much a work in progress." (Perfecting the image recognition, for example, is an ongoing challenge.) Still, the MIT team says it has the potential to be made available today in a limited form.

Among its capabilities, Sixth Sense can be used to make a call by projecting a keypad onto your hand, to project and manipulate a map on a nearby surface, and to take pictures. It can also retrieve e-mail, get flight updates and call up details about product information on store shelves.

-Diann Daniel



Ahead to the Recovery

Tom Nealon, CIO with J.C. Penney, and CEO **Myron "Mike" Ullman** plan to keep spending on IT, despite the turbulent economy

CHARLIE FELD: Times are extremely turbulent in retail. What are your thoughts about getting through this era in a quality way?

TOM NEALON: We have a five-year plan for the business that is very clear. Given the environment, though, we've created a "bridge plan" which is a practical response to the climate. The economy has impacted decisions around the pace of new store openings, as well as

expense. In the middle column were the things that we intended to maintain our focus on—things like our power brands, our key initiatives around merchandising and our commitment to our dotcom strategy. And in the third bucket were many of the strategic initiatives. These were the things that we intended to accelerate. Technology is essential to many of the initiatives in this category.

I assume you are not setting your priorities in a vacuum. Are the business leaders bought in?

NEALON: Absolutely. The priorities line up against the business priorities that are laid out in the long-range plan. There have been a few things we've taken off the agenda. We're not being as aggressive on a back-office ERP implementation, for example.

[But] we've been able to hold the IT budget essentially flat without impacting our strategic projects. One of the things that we've done that is working really well is what we call our BILT, or Business Infrastructure Leadership Teams.

We wanted an ongoing forum where the business leaders and the IT leaders were setting the priorities, discussing business issues around processes, systems, organization, implementation and change management. There's a BILT team for each of the strategic initiatives.

ULLMAN: Even the merchants and the people who are furthest away from understanding the technology see IT as central to what we do. We're not doing much work on the older systems. We've made some sacrifices there in order to reinvest initiatives that we think are fundamental to running a successful business in a very competitive climate.

How would you describe your top priority initiatives and their business impact?

NEALON: We have several things going on that I'd characterize as Tier 1 priorities. The first is channel integration from a merchandising perspective. We have industry-leading planning and allocation tools for our 1,100 stores. Now we need to fold our dotcom and catalog business into these same tools, processes and organization structure. The processes and organization are done, and we need to complete work on the tools. Another Tier 1 priority is flow execution. We continue to drive time out of how long it takes us to bring new merchandise to market.

A member of the CIO Hall of Fame, Charlie Feld retired from EDS in 2008. Tom Nealon is EVP and CIO and "Myron" Mike Ullman is chairman and CEO with J.C. Penney. Read the full article and a discussion of how the company makes IT investment decisions, at www.cio.com/article/491213.

TOM NEALON



around inventory levels, just to give you a few examples. What it's not impacting at this point is investment levels that set the future capabilities of the company.

MIKE ULLMAN: The way that we created the bridge plan was pretty straight-forward. We created three buckets: In the first bucket were the things that we decided to slow down or moderate. Things like our capital investment spending, inventory commitments and SG&A

I.T. SERVICES
VISIBILITY: 100%
EFFICIENCY: UP 43%
PAYBACK: 9 MONTHS
VALUE: 100% CLEAR



CA Spectrum[®] solutions help you pinpoint and solve information flow problems across the IT infrastructure — networks, physical and virtual systems, databases and applications — before they impact your end users. Eliminate costly, labor-intensive oversight and deliver seamless service with payback in under a year. That's the power of lean.

Read the IDC white paper on CA software and ROI at ca.com/spectrum.



Let's Make (Another) Deal

Applied Materials had *already* cut IT costs. To save more, it got creative with its offshore providers. **BY STEPHANIE OVERBY**

This year could be one of the toughest in Applied Materials' 42-year history. The provider of nano-manufacturing technology solutions posted a \$133 million loss in the first quarter; new orders fell 64 percent from last year's first quarter. Even the brightest spot on the horizon—its new business to produce equipment for solar photovoltaics and energy efficient glass—has seen a temporary demand slump due to the recession.

"We were facing the worst semiconductor downturn in history, and then the global recession hit," says Applied Materials CIO Ron Kifer. "Those things are beyond our control, so we are focused on what we can control. And 80 percent of that is costs."

Kifer knows: He was hired in 2006 to transform IT, reduce costs, improve service levels, and drive business transformation. He took a workforce of 580 full-timers and 1,000 consul- ▶▶▶



To find more cost savings, Applied Materials CIO **Ron Kifer** renegotiated with offshore providers and eased up on service levels.

tants at 40 service providers and whittled it to 300 full-time workers and contracts with three providers to handle offshore IT services at prearranged prices, instead of by the man-hours. He cut IT costs by 35 percent over two years.

"We didn't want internal resources focused on commodity activities. We wanted to refocus them on core competencies that drive value," he says. He inked deals with IBM Global Services, Tata Consultancy Services and Wipro, which compete to provide services including application development, maintenance, desktop and database support. His own staff focused on strategy, architecture, cost management and program, portfolio, security, risk and vendor management. The plan eliminated expenses and improved services, making more IT budget reductions a delicate balancing act.

Still, when things got tough six months ago, Kifer asked his big three for more price concessions. "You don't want to reduce their margins to where they're hurting to make a profit," says Kifer, whose benchmarking showed that his prices were 15 percent to 20 percent below best practice price points. "But there was room." He noted that his Indian providers benefitted from international exchange rates in the past. The talk worked. "Our ability to move work between service providers creates an atmosphere in which they're quite keen to find win-win opportunities," he says.

Renegotiating reduced costs by 6 percent to 8 percent.

But it wasn't enough.

One reason Kifer adopted a managed services model for offshoring was flexibility. IT had maintained high service-level agreements (SLAs) with providers. When Applied began to lose money, Kifer's team eased requirements. A service that required a two-hour recovery period may be relaxed to three or four hours with a drop in the service cost. Each SLA shift was prenegotiated with the business. But since IT costs are allocated to the appropriate unit (each with cost targets), it hasn't been a hard sell. IT still reexamines SLAs, but the bulk of the adjustments have netted an incremental 18 percent to 20 percent savings.

Many CIOs are seeking such savings. "We are seeing a surge in clients working with their vendors to reduce costs from 15 [percent] to 25 percent," says Atul Vashistha, chairman of offshore outsourcing consultancy neoIT. "The timing is key because both sides recognize the impact of this economy and so are open to working together to make changes."

Options for slashing costs include weeding out low-performing partners, moving to a managed services model, driving more volume to the vendor or benchmarking to ensure competitive pricing. The key is to find opportunities that don't punish the provider, says Vashistha.

Stephanie Overby is a freelance writer based in Boston.

DESKTOP VIDEO CONFERENCING

1

At Purdue Pharma, CIO Larry Pickett found the only issue he had with desktop video conferencing was that his vendor, Microsoft, had an instant messaging (IM) client that was built in and enabled by default, which goes against his company's policy of banning IM. Disabling the client added complexity to installing the application across the enterprise, which could result in lower utilization of the tool than he had expected.

2

A hosted SaaS model is the cheapest option but it has the lowest image quality because of bandwidth unreliability. An on-premise model relies on software installed on a company's servers, creating a smoother video experience, but it can only involve internal users. A blended model is also an option, says Pickett, where you can choose the appropriate technology for a given meeting, such as one with both external and internal participants.

3

Performance issues arise with certain solutions and can limit the experience. Since the SaaS model is hosted by a third party, the audio is bridged through a separate connection, creating a one- to two-second delay, which is "very annoying for users on the call," says Pickett. The on-premises model through your company's own network streams the audio and video together, fixing the synching issue. However, you can't include outside callers.

4

Just because you can implement this technology doesn't mean you should. Pickett says CIOs should ask themselves: Will my employees use it? While the cost benefits of reduced travel are enticing, the savings won't come to fruition unless your employees participate. Try a pilot first, assess the results, then roll it out completely.

5

As a CIO, think carefully before providing this service because of the complexity of the infrastructure, software, training, bandwidth and support required, says Pickett. "The perception, fueled by the very simple, easy-to-use one-to-one video conferencing built into Macs, makes [desktop video conferencing] appear trivial," he adds. Look first at how all the options will meet your business requirements and set expectations, he says.

Things
You
Need
to Know

by Jarina D'Auria

CIO
2
CIO>

Today's IT Leaders on Market Trends



IT infrastructure is critical in enabling global operations.

About CIO2CIO:

This peer-based thought leadership program analyzes quantitative research and tests it via qualitative interviews with actual CIOs. The resulting executive insight is then disseminated via CXO's multimedia assets. To learn more about the CIO2CIO program, please contact mavery@cxo.com.

Global Survival Strategies:

The Role of IT and Networks in Enabling MNC Growth

IDG Research and NTT Communications Survey Reveals Expectations of Expansion, Productivity in Asia Pacific

MULTINATIONAL CORPORATIONS (MNCs), or those with operations outside their home country, face unique challenges when it comes to starting or expanding their business operations in the Asia Pacific (APAC) region. Yet despite the current downturn in the global economy, many industries see potential revenue growth as occurring, if anywhere, in that very region.

Because of this, IT organizations often find themselves squeezed between global infrastructure needs that are actually expanding to enable the companies to leverage these opportunities and overall corporate cost reduction mandates.

The situation is summed up by Dennis Hodges, CIO of Inteva Products, a \$1 billion manufacturer of auto parts. "There is great cost pressure, but that hasn't stopped our requirements for globalization, security and unified communications at all."

Twelve months ago, IDG Research and NTT Communications surveyed CIOs at large MNCs to uncover the drivers and challenges of APAC expansion, the factors in choosing a provider for converged voice/data networks and what services MNCs were outsourcing to managed services providers. Now, in the midst of a global recession, we revisit the topic to uncover trends and explain how managed services providers can help MNCs successfully expand, sustain and grow their businesses.

Key Trends in APAC Expansion: 2009 Versus 2008

IDG Research recently surveyed more than 100 CIOs and IT executives at U.S.-based companies with annual revenue of at least \$1 billion. Looking at changes from the results of a similar survey conducted in 2008 shows that many of these companies reported a change in strategic plans for outsourcing their IT infrastructure and changes for APAC expansion, as a direct result of the global recession.

Some of the findings:

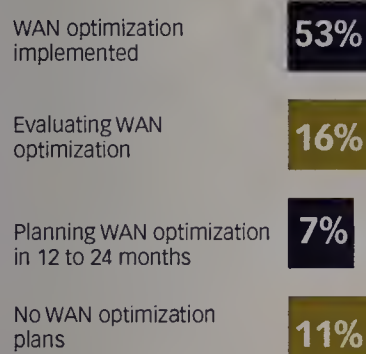
- 84 percent of the respondents plan to invest more heavily in APAC operations/ expansion or have no plans to scale back expansion, while only 16 percent plan to slow APAC investment.
- The opportunity to grow sales remains the top driver of APAC expansion, followed

by a need to access new distribution channels.

- 57 percent of the CIOs say that profit margin pressure has increased in importance compared to that in 2008 as a driver of APAC expansion.
- Security remains the top challenge in navigating offshore markets and integrating global IT operations; disaster recovery jumped significantly in importance, as did demonstrating and measuring return on investment.
- 89 percent indicate senior executives at their companies have issued cost reduction or productivity enhancement mandates in the past 12 months.

As these findings make clear, the recession hasn't hampered MNCs' drive into the Asia Pacific region. On the contrary, the data shows that CIOs believe APAC

53% have already implemented a WAN optimization solution.



Source: IDG Research Services, March 2009

expansion to be a central ingredient in their strategies for sustaining and growing their operations.

"Today we are focusing only on revenue generation or cost cutting," says the director of IT services delivery for a \$14 billion financial services firm. "This is our total focus."

Under these circumstances, partnerships with managed services providers become more crucial, as U.S.-based companies look to expand their global reach to take advantage of revenue and cost saving opportunities.

The Role of a Wide-Area Network

The importance of a wide-area network (WAN) to a multinational corporation cannot be understated. MNCs require constant, fast and secure connectivity between their local- and wide-area networks, between WANs and data centers and between data centers and critical business applications.

More than three-quarters of the CIO respondents say they've already implemented a WAN optimization solution for better bandwidth utilization rates and reduced

latency. This is not surprising, given that 65 percent of the CIOs say application availability and network latency are top challenges, up from 58 percent a year ago.

There is only a handful of managed services providers with the expertise to build a truly secure private WAN for global companies, with a high level of quality assurance. MSPs must guarantee availability of network services, security and disaster recovery. Providers also need to have close relationships with local carriers to ensure continual improvement in local access quality and need multiple routes (including alternative routes in the event of an emergency) in and out of key APAC regions.

What Do Managed Services Providers Bring to the Table?

Twenty-eight percent of the CIOs say the recession has made their companies more likely to outsource to a managed services provider, 58 percent report no change in their outsourcing plans and only 14 percent say they are less likely to outsource.

What exactly does a managed services provider bring to the table? Sixty-five percent say MSPs can provide access to global expertise, 51 percent say MSPs can improve their ability to manage global operations in an economic downturn and 49 percent say MSPs can provide a gateway to new markets.

"Outsourcing augments our own IT resources and provides us with resources we may not have in house," says the director of strategic IT for a \$5 billion professional services company.

According to the survey results, CIOs are more likely to outsource high-layer IT services than they were in 2008. This trend coincides with the emergence of MSPs, such as NTT Communications, that envision a "meshed environment" where standardized solutions are deployed globally and function as a single entity.

Managed services providers help multinational companies manage costs better and allow for growth while delivering predictability of costs and consistency of service delivery. MSPs such as NTT Communications provide a well-designed infrastructure that yields tight integration of global operations.

Go to www.cio.com/whitepapers/ntt/mnc for a free download of the complete white paper "Global Survival Strategies: The Role of IT and Networks in Enabling MNC Growth."



©NTT, NTT America, NTT Communications, and the NTT Communications logo are registered trademarks or trade names.



A Course to Savings

Data integration helps shipbuilder trim payroll costs and improve efficiency **BY JARINA D'AURIA**

Technology can help float a company's goals or help sink them. At Aker Philadelphia Shipyard, the \$285 million builder of container ships and tankers was faced with a set of three separate human resources legacy systems that maintained training requirements, schedules, contracts and payroll data for its 800 workers. But the systems weren't integrated and contained contradictory data, which created payroll, compliance and other workforce headaches. For example, Aker was spending thousands of dollars in fees to adjust incor-

rect payroll checks each pay period. Other problems such as lost injury reports or employee certifications also surfaced, says Michel Boeckx, Aker's CTO.

In 2003, Boeckx and the HR and payroll departments sought a better solution—an integrated system to help lower costs by reducing error-related fees, to automate manual data entry processes to improve efficiency and increase employee safety.

After researching payroll and HR tools from ADP, Ceridian and Kronos, Aker selected Kronos' payroll and HR modules based on cost, Aker's experience with its time and attendance software, and the prospect of total integration that the tools would provide. Integration was key to creating a single system of record for all of Aker's employee data and to reduce redundancies and errors.

Data integration is a critical value-added role for IT, says Paul Hamerman, VP of enterprise applications at Forrester Research. "Employee data integration and synchronization is a major challenge," he adds.

And a challenge it was: Major data cleansing was required before implementation, says Boeckx—a payroll team member spent three months fixing errors and plugging holes. Next, HR, IT and a Kronos consultant hashed out the new system's details based on Aker's union agreements, pay, safety and training requirements. IT's role also included supporting the application and setting up the servers to handle it, which went "very smoothly," says Boeckx.

In the first three years since the April 2004 launch, Aker has seen total cost savings of nearly \$660,000, through reductions in fees, payroll errors and escrow payments, says Boeckx. Aker had paid an average of \$90,000 annually to vendor ADP to fix tax filing errors related to its own faulty payroll record keeping; that's been cut to about \$5,000 annually by the new system. Automation of the payroll process not only decreased errors by 90 percent but allowed Aker to cut one payroll administrator. The system also eliminated the need to support multiple vendors.

Boeckx suggests starting any integration initiative with the cleanest slate possible to "prevent issues when you're importing data from multiple systems." He attributes his success to extensive vendor research and working with the business to assign ownership of critical employee data. And as the recession continues, the consolidated system gives the shipbuilder a more accurate picture of where to find potential savings in its business.

how it adds up

Aker Philadelphia Shipyard, Philadelphia, Pa.

One of the few U.S. shipyards constructing container vessels and product tankers with a workforce of 800 shipyard employees and 500 subcontractors.

How Aker Saved: Aker achieved savings of \$220,000 annually by deploying workforce management modules from Kronos to automate its HR processes and consolidate all employee data into one system. Savings came from cutting payroll error fees, laying off one payroll administrator, reducing rework for HR staff and eliminating 90 percent of errors.

Tools Used: Kronos Workforce HR and Payroll solutions

Time Frame: Deployed in April 2004, Aker saw 110 percent ROI in less than a year. Implementation completed in 2005.

1

BUILD UP YOUR TEAM

Training shipyard employees is a critical aspect of Aker's business. Having a pipeline of permanent, skilled workers decreases the need for expensive subcontracted employees. The new HR system allows the team to track training schedules and required hours to make sure Aker is maintaining a strong, skilled internal workforce—and keeping them safe.

2

INVEST NOW FOR LATER

The pressure is always on to trim IT costs immediately. But being thorough now can help you save later. Aker began its integration initiative in 2004, but it is still "experiencing continuous improvement," says Aker CTO Michael Boeckx, because careful research helped him assess the situation from every angle and find a cost-effective solution that saved time and increased productivity.

Fujitsu recommends Windows Vista® Business for business computing.
Fujitsu recommends Windows Vista® Home Premium for personal computing.



When your life is caffeinated, you
need a notebook that keeps up.

FUJITSU

Fujitsu gives your mobile computing a serious boost—from ultra-portables that won't weigh you down to powerful desktop alternatives and everything in between like the Fujitsu Lifebook® T5010. With Intel® Centrino® 2 Processor Technology for power, connectivity and long battery life, and with genuine Windows Vista® Business to stay connected, stay productive, and stay away from the office; you'll be hooked.



See what Fujitsu is brewing.

www.fujitsudailyfuel.com



PC Connection

Insight



Look for
**Intel
Inside®**

the

Don Goldstein learned a classic lesson when he joined an insurance company in the mid-1990s as vice president of IT. He inherited a data warehouse project intended to mesh information across divisions to provide a complete look at each customer. ¶ “This would be the thing that finally gave everyone what they had been looking for,” Goldstein recalls. “Namely, how do we get all of our information to mean something?”

But too much data needed too much cleansing, he says, and the project plan allowed many months between deliverables.

Along the way, business groups argued about who should update

which information. ¶ “It just got way, way out of hand,” he says. “It cost too much, took too much time. It didn’t have a hope to work.” ¶ A data warehouse was finished, but for just one business unit. Users still had to ask IT to generate their reports. The project died soon after being delivered to the business unit, when key project members left and funding dried up. ¶ The lesson he learned, of course, is that you can’t boil an ocean. Ever after, says Goldstein, who is now CIO

of CB Richard Ellis, a \$5 billion commercial real estate services company, his projects have had narrow and specific milestones managed by a group of IT and business people, each accountable for different aspects of the work. ¶ “It seems simplistic, looking back,” he says. But the failure so affected him that he

BY KIM S. NASH

How
failure
teaches,
motivates,
even
inspires

word



"You learn more when something goes wrong than when everything goes right," says **Twila Day**, CIO of Sysco.

avoids the term "data warehouse." "So ominous," he says. You can almost see him shiver.

How you respond to failure—or any event that doesn't go as expected—shapes how you handle the next one. Early in her career, Twila Day, CIO of the \$37.5 billion Sysco food service company, had to find the skills and inner strength to handle a negative boss. She's since applied the lesson to deal with negative people generally. "You learn more when something goes wrong than when everything goes right," she says.

Surviving failure not only teaches lessons but builds resiliency—a trait critical to handling the uncertainty we face today. In this economy, which yet shows no signs of great and lasting recovery, you want tested leaders cool enough to handle difficult, unpredictable days. Someone who has never failed is half as valuable as someone who has endured a "humbling experience" and learned from it, says John Puckett, DuPont's CTO of corporate IT and CIO of central research and development. Puckett's 42-year career includes the CIO post at Toysmart.com (a casualty of the dotcom bust) as well as vice president and general manager at Polaroid (whose business model was overtaken by the rise of digital cameras). "You better hope your leaders have failures under their belts," he warns.

But failing now, however educational, could put your job and even your company at risk. With recent cuts in budgets and staff, choosing to do one project may mean choosing not to do another; mess it up and you let your company down twice.

Meanwhile, in some circumstances, failure may be beyond your control, yet you may have to clean it up anyway, notes Robert Fort, CIO of Virgin Megastores North America. The company is closing all of its U.S. music stores because renting the real estate they occupy can generate more money for its owner than the retail outlets can, Fort says. Learning how to shut down a collapsed company is a new experience for him, he says. "I have the desire to do this with integrity."

He knows that how he handles failure will determine his future as a CIO.

Read Your People Carefully

Faulty management of a PeopleSoft Financials project in 1997 is a mistake Steve Hanna can't forget. At the time, he was CIO of Host Marriott Services, a company that supplied concessions to airports and other venues.

To lead the implementation, Hanna and the company controller chose two up-and-comers: one from IT and one from the controller's staff. The team hired a good integrator to help, they held weekly status meetings and everything appeared to be going right, Hanna recalls.

To Avoid Failure, Define Success

Decision makers should commit to a project's outcome

CIOs and project experts may favor certain project management software and techniques, but the tool doesn't matter so much as having a formal structure to measure project progress. Without clear metrics, work can go undone and accountability disappears, says Michael Kringsman, president of Asuret, a consultancy that specializes in helping companies avoid project failures.

Using a project management methodology, such as the practices recommended by the Project Management Institute (PMI), provides a way to structure a project so that major steps are taken in a logical order. Key players, including the project manager, sponsor, creators and ultimate users of the finished product, have designated roles and responsibilities. Management tools, such as Artemis ProjectView, Microsoft Project and the open-source Project.net, can help the team record accomplished tasks and track overall status. However, the best project methodologies cannot overcome problems created by personal agendas, conflicts and lack of alignment between groups inside the organiza-

tion, says Kringsman.

CIOs must work hard to make sure everyone agrees on a project's goals and mostly agrees on how the project will run, says Adam Bricker, CIO at World Vision International, a non-governmental relief, development and advocacy organization. Getting agreement entails not only talking about key points, but also recording them, Bricker says. World Vision did this recently for an ongoing project to install financial management systems in 45 developing countries.

Start by stating your goals and the scope of the project, Bricker advises; define what, specifically, you expect to accomplish. Also, write out examples of how people's everyday work lives will change as a result of the project. All stakeholders should then sign the papers.

Just as CIOs sign contracts with consulting firms, colleagues at the same company can formalize their understanding this way, he says. "There's a sense of commitment when people sit across the table and say, 'Do we have agreement?'"

—K.S.N.

But underneath, much was wrong. The day a critical piece was due, the duo told Hanna it wouldn't come in. "I asked, 'How far away are we?' They said, 'We don't know.'"

IT failures, like plane crashes, typically happen after a sequence of small problems culminate into a large, visible breakdown, says Michael Kringsman, president of Asuret, a consultancy that specializes in helping companies avoid project failures. "Usually there was a triggering event and multiple other steps along the way that also failed," he says.

Even after Hanna and the two managers spent the next weekend dissecting their project documents and reports, as well as which code and modules had been developed, they couldn't figure out what had happened. "We ended up redoing the entire project."

All along, it turns out, the project managers hadn't disclosed problems. They'd hint at trouble, saying, for example, that they were late testing a piece of code but would make up the time on the weekend. But Hanna, who is now CIO at Kennametal, missed the warnings. He says he should have sniffed out what

Learning how to shut down a collapsed company is a new experience.

"I have the desire to do this with integrity." -Robert Fort, CIO, Virgin Megastores North America

they weren't saying by asking probing questions and watching body language.

"When you have executives trying to make a name for themselves, you have to fly low to the ground with them," he says. "It was probably the biggest mistake I've made in my career."

Sometimes you think you've put the right people in place only to find out you misjudged them, says Christopher Barron, SVP and CIO of CPS Energy, a \$2.2 billion energy and utilities company.

Last year, CPS Energy wanted to build a mobile application portfolio to give executives and key staff members access to corporate financial and operational data via smartphones and laptops. Barron assigned a tech whiz to the project who alienated the company's senior executives with his arrogance.

"This person was unwilling to admit there were kinks that needed to be tuned and had burned relationships with people," he says. The project failed, Barron says, but not the effort. The company learned which technologies worked and has now put the application in production.

Barron also learned that he needed a different kind of project leader. He reassigned the techie to an R&D position, from which he hands off implementation to someone else. To interact with the company's CEO, CFO and chief risk officer on the new system, Barron tapped top desktop and network support staff specially trained to work with business executives. These staff members have undergone advanced conflict resolution training and learned how to address executives respectfully. They've also been taught to use body language to appear approachable, and they even wear a uniform: slacks and a company logo shirt. "Jeans and an untucked shirt don't give you gravitas with executive customers," Barron says.

Being upfront about his missteps helped Barron convince his C-level peers to go ahead with a new iteration of the project, he says. Owning mistakes enhances a CIO's reputation, he says.

In Hanna's case, he admits he picked inexperienced project leaders and didn't watch them closely enough to "hear the unspoken." Now he asks for actual—versus expected—results, supported by details and evidence. He has also sharpened his senses. "I wander around and talk to people in general, not just about the project, and see if they laugh or avoid eye contact," he says. A good CIO can "pick up more in a five-minute conversation at the coffee station than at an all-day project debriefing."

When that PeopleSoft project went bad, Hanna had to tell his boss—the CEO—that it would be months late and cost "a lot more money" than budgeted. The project managers, he says, soon quit to consult. Hanna, meanwhile, lost a bonus riding on the project's success. The CEO noted the events in a performance review. "His comment was, 'I hired you as a thought leader and you let me down,'" Hanna recalls. "It cut really deep."



Know When to Quit

If taking failure personally burnishes the lessons, taking it too personally destroys the chance to learn. In a dysfunctional environment, such as in a department led by a bad boss, it can be hard not to succumb, says Day, Sysco's CIO. She was laid off as a young programmer. Without the finances to be picky, she resolved to take the first offer she got. Her new boss apparently thought little of her.

"He didn't believe females should be in IT," she says. "He would say, 'You can't do this job, you're not smart enough.'"

At first, she disliked going to work: "A negative, almost depressing situation," she recalls. Then she decided to disprove his barbs, absorb as much knowledge as she could and get out. Among the lessons she learned, she says, was not to waste energy trying to change other people. It's best to learn as much from a bad situation as you can and move on.

Quitting on a project, however, can be more difficult because afterward, you're stuck amid the financial, political and personal consequences.

As a result, the wherewithal to stop a project often doesn't exist, says consultant Krigsman. He was recently hired by a client to evaluate a troubled project. In a meeting with the IT and business staff, the sponsor—an executive vice president—asked when the team would achieve a given milestone. In these situations, denial and fear often prevent changing direction until after the project has become a public spectacle.

"He looked around and there was silence," he recalls. "I knew there was no way on God's green earth this milestone could be achieved in any reasonable time frame." The sponsor called on Krigsman, who told him the bad news.

"When the team is scared to tell management the truth and feels that their jobs may be in jeopardy, the conditions have been created for denial to blossom, and failure is almost assured," he says.

John Halamka, CIO of Beth Israel Deaconess Medical Center, tries to prevent a punishing atmosphere that could spur staff to hide mistakes. During a major network outage in 2002, doctors and lab technicians couldn't access patient charts or test results and 100 temporary workers had to hand-carry records around campus. Yet no one pointed fingers at specific people.

Rather, Halamka and his staff examined which processes and technology allowed the problem to develop. They learned they needed to institute thorough downtime procedures and invest \$2 million to upgrade networking gear and, later, \$5 million to build redundant data centers.

Looking at trouble as a process failure and not the fault of one person "gives us the freedom to diagnose and treat ourselves," he says. "We become very transparent about what our organization's strengths and weaknesses are."

CB Richard Ellis's Goldstein says IT managers must stop



Project teams should include managers with the clout to kill a project if it goes off the rails, says **Don Goldstein**, CIO with CB Richard Ellis.

wayward projects before they cause damage, but no one likes to give up.

"Sometimes it's easier to try to keep momentum going, try to get more funding and resources," he says. "You assemble a team, a budget, what you believe are achievable objectives. You make commitments. The last thing you want to do is not live up to them." (See "To Avoid Failure, Define Success," Page 26.)

One way he now guards against the pressure to keep going in the face of sure failure is by building a project team from a variety of business sponsors, end users and IT staff. Included are a couple of managers with the rank to kill a project. A subject matter expert at the vice president level or higher, he says, has the pull to refocus or even stop work that goes off the rails or no longer makes sense when business goals change.

"It takes both courage and some political capital to stand up and say, 'We've made a mistake.'"

Understand the Risks

Scientist, inventor and statesman Benjamin Franklin might be history's most successful mistake maker. He was clonked on the head by the whirling blades of a fan attached to a rocking chair he built and exhausted himself wearing his own wooden swim paddles. Franklin's self-cooling rocker never took off and the paddles were too heavy for swimming. But his flying a kite in a thunderstorm led to harnessing electricity, and his help

orchestrating the American Revolution turned out okay.

In all, he amassed an impressive record in his 84 years and advised, "Do not fear mistakes. You will know failure. Continue to reach out."

Easy for Ben to say; no one ever laid him off.

Still, says Barron, if you're not making fruitful mistakes, you're not taking enough risk. Risk, after all, brings progress. Barron's project to create mobile, roaming, overseas access to the company's financial data is one example. "We threw away six figures but we learned exactly what we needed and we could buy exactly what we needed when it was available," he says. The company built its now-working system on NetMotion's mobile VPN software and Cisco's Soft Token authentication product.

"I have a couple kids and don't want to be out on the street. But I'm not doing my job if I don't experiment," he says.

Yet evaluating risk with a backdrop of multitrillion-dollar bailouts and the biggest unemployment numbers in two decades takes special focus, says Beth Israel's Halamka.

For example, infrastructure upgrades often must be done regardless of the economy, to keep IT running smoothly, he says. In discussions with his peers and boards of directors, he multiplies the odds that something bad will occur by the consequences of the bad thing. Had he done that in 2002, he says, he might have determined that a six-year-old network infrastructure could buckle under growing network demands. Then he'd have known



Running IT Like a Business

PPM Helps CIOs Improve Productivity, Visibility and Alignment

Stephen Sharp, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, POWERSTEERING SOFTWARE, INC.

Since joining the company in 2005, Stephen Sharp has established PowerSteering as the clear market leader in on-demand enterprise PPM software for IT, new product development, Six Sigma and other enterprise initiatives. Its easy-to-use software provides executives at AT&T, Best Buy, Clorox, EMC, Ingersoll Rand, Merck, TD Bank, U.S. Navy and more than 140 other customers with enhanced team productivity, executive visibility and strategy alignment.

Why is project portfolio management something CIOs should consider and pay attention to today?

We see project portfolio management [PPM] as a high-value business discipline that enables organizations to execute strategy more effectively, deliver results more quickly and reduce costs. From an

IT perspective, PPM helps CIOs run IT like a business. Using PPM, the CIO is able to capture all of the IT demand, manage all of the IT spend, and make informed decisions about how much to invest in infrastructure, in running the business and in growing the business. PPM helps CIOs quantify the business value delivered from IT and ensures that the portfolio of IT investments is balanced and reflects the strategic priorities of the organization.

“Our customers use PPM to manage all IT work as well as applications and other IT assets and investments.”

quickly. And third, alignment. PPM enables project candidates to be compared and prioritized in a consistent manner, leading to an optimal portfolio of IT investments that is aligned with the strategic goals of the business. That's where we see the biggest benefit: in making sure that the right projects are addressed. And PPM isn't limited to

What are some of the top benefits CIOs can realize from PPM?

There are three categories of benefits. First, productivity. PPM provides the project team with the right tools, collaboration capabilities and best practices to execute projects more effectively and efficiently. Second, visibility. PPM provides immediate visibility to problems in a program or project portfolio, enabling managers to take action and get things back on track

financial management capabilities, along with end-user analytics and reporting—all in an integrated and highly configurable package.

Second, ease of use. The product you select needs to support a broad range of business users, from project and portfolio managers who will likely be power users, to executives who may use the tool infrequently. We believe that ease of use is the single biggest factor in driving user adoption and ultimately ensuring that your organization realizes the expected benefits from its investment in PPM.

Finally, total cost of ownership. Look for an integrated product with a simple, usage-based pricing scheme and rapid implementation. Our customers have selected PowerSteering in part because our software-as-a-service delivery model offers significantly lower total cost of ownership compared to traditional software vendors.

What are some of the advantages besides the cost of the software-as-a-service delivery model?

We deliver an enterprise set of capabilities with world-class performance, availability and security, which is critically important to our customers. They don't have to acquire IT skills, procure hardware or worry about capacity or expansion as usage increases, and they pay only for what they use.

What are the three things a CIO considering a PPM solution should look for in a vendor?

First, functionality. Make sure the product you select has all of the capabilities you need. To realize the full benefit from PPM, you'll want a comprehensive product that provides project, resource, portfolio and

FOR MORE INFORMATION:

Check out “Cut IT Costs Through Project Portfolio Management” at www.cio.com/whitepapers/powersteering/ppm.



"I have a couple kids and don't want to be out on the street. But I'm not doing my job if I don't experiment." —Christopher Barron, CIO, CPS Energy

that medical records would be inaccessible, at the potential cost to patient lives. "No patients were harmed. But it was a wake-up call to show how dependent we all [are on] technology," he says.

With a mandate to cut expenses, some CIOs are investigating new technologies that promise cost savings. Cloud computing—consuming technology over the Web as a service from a vendor rather than running it in-house—may be untried for many applications, but the risk is worth the reward of cheaper IT, says Jerry Hodge, senior director for information services of small kitchen appliance distributor Hamilton Beach Brands.

Hodge is replacing Lotus Notes e-mail with Google's Gmail for 500 employees. He expects to save close to 60 percent of his current messaging costs over five years, he says. "We tend to be conservative and ask a lot of questions. We can't afford a mistake," he says. The projected savings, plus the fact that he can reassign some of his staff from managing e-mail to more creative and important jobs such as business intelligence, convinced him Gmail was a risk worth taking.

It's Not Always Your Fault

No matter how risk averse you are or how much experience you have dealing with adversity, you may still encounter failure beyond your control. The collapse of a company is the kind of failure that hurts—and teaches—on many levels.

Art Hall was vice president of customer care operations with NetBank, an Internet-only bank that went under because of the housing and liquidity crisis. At its launch in 1996, the startup raced ahead of stalwarts such as Bank of America and Wachovia to offer customers online access to checking, savings and other accounts. "People worked 60 to 70 hours a week, living the brand, believing in the company and cascading that passion to everyone else," says Hall, who is now a management consultant at Alvarez and Marsal.

But established banks caught on to the Web and NetBank stagnated. "No one anticipated, or admitted, that the average consumer wouldn't take everything out of a known branch and put it in a virtual bank," he says.

In May 2007, EverBank announced plans to acquire the NetBank, but the deal fizzled. ING bought the accounts of NetBank's 104,000 customers in September 2007, and NetBank filed for Chapter 11 bankruptcy protection a month later. It never emerged.

Before NetBank, Hall had been laid off from First Data and he drew upon what he learned from that experience. He relieved pressure by talking with a mentor outside of NetBank, praying and resting more on weekends and advised coworkers to find their own ways to cope. Such outlets are important, he says, "so there's a forum to get out some of the emotions in a safe environ-



ment, and you're not walking around as a ticking time bomb." The lesson came home to Hall with the suicide of a colleague. "He took his life on his parents' front lawn," he says quietly. It happened as the final 10-week push began to close NetBank. "That was the darkest day."

Those who have experienced failure say that in the middle of it, events move fitfully and whatever learning there is may not be immediately clear.

Robert Fort is riding that roller coaster while he shuts down the remaining six Virgin Megastores in the United States.

The music retailer was sold to a partnership of two New York-based real estate firms, including Related Companies, in late 2007. "We've known for over a year we were fighting for our survival," Fort says.

He and other officers kept employees informed of "the realities," he says, referring to the speculation that the music chain faced long odds. In March, when the partnership decided to close the U.S. stores, staff morale actually spiked temporarily, he says. "There's a strange emotional boost you get when things are made clear."

After a few days, though, spirits sank as people thought about medical plans and made severance calculations. Now, he says, judging from the Facebook and Twitter posts of employees, the mood has changed again. "We've noticed the story shifting away from bummer to nostalgia. There's a big demographic that grew up on CDs, and we're an iconic part of that."

CEO Simon Wright put Fort in charge of the internal, national wind-down. Fort expects to be out of a job by the fall. Next year, more lucrative tenants will begin moving into the former Megastores, including the massive space in New York's Times Square. Planning and executing the shut down while managing his emotions and those of his staff (now down to seven) is new territory.

As for his future, Fort has considered everything from taking the summer off to consulting to seeking another full-time CIO position. But it's hard to make a decision when there is so much work to be done.

He's a bit frustrated, too, because, he says, Virgin Megastores recorded record financials for the past two years. They added new technology in the stores, such as a real-time data warehouse and business intelligence system, sampling kiosks, and a converged voice and data network to differentiate from the competition.

But the sinking economy outpaced that good work. "I know that IT alone won't make a company," he says. "But we have a lot of pride." **CIO**

Senior Editor Kim S. Nash can be reached at knash@cia.com. Follow her on Twitter at www.twitter.com/knash99.

CIO **VIRTUAL FORUM**

Navigating Through Dynamic Times

May 19, 2009, 9:30 a.m. to 6:30 p.m. EDT

www.cio.com/virtual-conferences/cisco

Managing business today is challenging. But CIOs around the world are finding innovative ways to do more with less—and still plan for the future. To hear how CIOs are adapting their business strategies to navigate the new business landscape, register today.

Topics Include:

Welcome Video Message by John Chambers,
Chairman and CEO, Cisco

INNOVATION AS A GROWTH STRATEGY

Rebecca Jacoby, SVP, CIO, Cisco
Bob Melk, Publisher, *CIO*

THE COLLABORATION STIMULUS PLAN

Marcus Bost, CIO, Adena Health Systems
Alan Cohen, VP, Enterprise Solutions, Cisco
Bob Melk, Publisher, *CIO*

BUSINESS OF SOCIAL NETWORKING

David Sherry, CISO, Brown University
Nick Earle, SVP European Markets, Cisco
David Kirkpatrick, Senior Editor, *Fortune*

VIRTUALIZATION: TIPS FOR CREATING SUSTAINABLE IT

Bob Willett, CIO, Best Buy
Padmasree Warrior, SVP, CTO, Cisco
Quentin Hardy, Senior Editor, *Forbes*



FEATURED SESSION:
REBECCA JACOBY,
SVP, CIO, CISCO



Out of Your Mind

Mind maps fuel productivity by taking what's in your head and putting it at your fingertips **BY KRISTIN BURNHAM**

When an Anthrax scare hit the Department of Human Services in Virginia's Arlington County in 2002, Christopher David, then the county's chief technology officer, sprang into action. "I knew there was a person who could help us [respond]," he says. "But I didn't remember his name or how to contact him." Rather than waste precious time searching through hundreds of documents housed on his desktop or in file cabinets, David opened his mind mapping application from PersonalBrain, entered a few keywords and, within moments, had the information he needed.

Mind mapping—the diagramming of ideas and concepts to help streamline thought processes and organize information—has come a long way since the standard pencil-and-paper method of decades past. New applications now help users organize, house and link thousands of pieces of information, including reports, bookmarks and projects, in a personalized and visual ▶▶▶



ILLUSTRATION BY VEER

way. And given the volume of complex information for which CIOs are responsible, mind mapping should be top of list in personal productivity tools, says Gartner Research Director Donna Fitzgerald, who writes about mind maps and uses one herself. "It allows you to make your thinking process and ideas concrete," she says. "It should be the first thing you pull up when you think through a new project."

In many mind mapping applications, you start with a central thought or idea, then add branches—or subcategories—to break down the topic. These subcategories could be thoughts or include links referencing more information, PDFs you can upload or reports to reference. There are plenty of applications to choose from out there, from Freemind to MindMeister.

Brad Isaac, CIO at Breslow Starling Frost Warner, an accounting firm, uses a mind mapping application from MindJet for project management. In situations like deploying a new server, mind mapping helps him keep track of the project and ensure he's covered the necessary bases: who's managing it, who will be using it, who needs training, he says. "You're able to address all these layers of a complex project in a visual manner and it only takes moments."

Others use mind mapping to archive and organize files that would typically be scattered in desktop folders. Tim Fleming, CIO at Ingersoll Rand, a manufacturer of industrial tools, started his first mind map in 2006 and says it has helped him relate to business-side colleagues more easily. "I'll be on a conference call with Europe, call up my [mind map] and I've got everything I might need—sales numbers, their backlog inventory, you name it," he says. "It allows me to have a business conversation with them in a way that they don't look at me like the IT guy, they look at me like a business partner."

Some maps can grow to house tens of thousands of "thoughts"—or points—over time. However, mind mapping users say that since the map is organized in a way that makes sense to you, it never feels overwhelming. David, now an assistant VP at the IT consultancy Catapult Technology, has 4,500 thoughts in his mind map, ranging from business contacts to budget proposals to his cell phone manual.

Maintaining your map, he says, is like tending a garden, meaning if you tend it regularly, the maintenance is easy: "You weed out the stuff you don't need. Mind mapping is a process that grows over time, and the time-management and productivity benefits are priceless."

Associate Editor Kristin Burnham can be reached at kburnham@cio.com. Follow her on Twitter: www.twitter.com/kmburnham.

three-minute coach



Help!

My staff is stressed about job security, so work conflicts are intensified. How can I handle this?

COACH: SYLVIA LAFAIR, author, *Don't Bring It To Work: Breaking the Family Patterns that Limit Success* and president, Creative Energy Options

Always: Be aware that when stress escalates and we feel under pressure to perform, the most ancient fight or flight part of our brain (the amygdala) kicks in. Our mission becomes survival and to achieve that, we either instinctively run away from the threat or move to save someone from it. At work this shows up in subtle ways: unanswered calls, slights masquerading as jokes, sharp tonality, blaming, ignoring or protecting others.

Your task as a manager is to learn the warning signs that old survival patterns have taken over. Look for destructive behavior that is repetitive. For example, the drama queen is always gossiping; the martyr is first in, last out, complaining every step of the way; the superachiever is always doing a "one-ups" about what they're doing in the office; the avoider won't stay around long enough to help solve a problem.

Sometimes: A good tactic to try is to give your employees time to talk about their economic fears. When there is room to talk about concerns and express ourselves honestly with our work colleagues, there is a healthy capacity to "say it, see it and let it go." Then productive work can be accomplished.

Never: Create an environment where survival patterns can fester and grow. Don't encourage a "stiff upper lip" culture where employees smile, seethe and won't talk. Shutting down the primal parts of our nervous systems eventually causes the emotional pot to boil over into angry conflicts. Finally, never participate in the "see-all-tell-all" workplace where emotions flow freely yet no real work gets done because gossip and rumors stall productivity.

CALL FOR ENTRIES

INTEL PREMIER KNOWL



Be Recognized and Rewarded

Successful IT professional individuals and teams. If you've really made an impact:

- ◆ Managing your client fleet
- ◆ Managing your data center

TELL US ABOUT IT. Share your best practices and the results they've generated for your organization. You could be named an Intel Premier IT Knowledge Awards winner. It's all about recognition for you, your team, and your organization, part of the Intel Premier IT Knowledge Awards.

Two awards will be chosen by a panel of judges from Intel and CIO. One award winner will also be chosen by your IT colleagues who are members of the Intel Premier IT Professional program (<http://ipip.intel.com>).

For the full rules, criteria, nomination forms, and additional information, go to www.premierITawards.com.

PRESENTED BY:



Custom Solutions Group



IT EDGE AWARDS

DEADLINE: May 29, 2009

Apply

To learn more about the Premier Knowledge Awards program, and to access the application, go to: www.premierITawards.com.

Get Recognized

You'll be profiled in an upcoming issue of *CIO* magazine. And the handsome plaque furnished for your office will remind you and your colleagues of your achievements.

Get Rewarded

To celebrate your success, winners will be invited to be our guest at either the CIO 100 Symposium & Awards at the Broadmoor in Colorado Springs, or at CIO: The Year Ahead at the Renaissance Esmeralda Resort in Indian Wells, CA.



CIO 100 Symposium & Awards, August 23-25



CIO: The Year Ahead, November 8-10



The Power of a Good Story

Storytelling connects with your audience and makes your message memorable **BY MARYFRAN JOHNSON**

Practice any good stories lately? When it comes to communicating and connecting with your fellow human beings, stories rule. Good ones deliver a lasting impact far beyond any set of statistics. They can outrun the speediest set of PowerPoint slides. They can leap the tall buildings of memory in a single bound.

Jeff Neufeld learned about the difference that the storyteller's art can make while CIO of Fidelity Brokerage from 2003 to 2008. Early in his tenure, he went on a quest to improve communication skills across his senior IT leadership team. "It was about improving our ability to be business players rather than just IT people," says Neufeld, now retired. He had 10 direct reports and a few dozen VPs who needed serious help with public speaking. "A lot of them were far from effective communicators. Their style tended toward reading slides and reciting tech stats," he recalls. "So people just ignored them."

Neufeld brought in a professional communications coach—Suzanne Bates, president and CEO of Bates Communications in Wellesley, Mass. At first, he used her at executive management offsites and for individual sessions with his direct reports. Then he signed up for some one-on-one sessions.

"As I watched Suzanne working with the others, I thought 'Wow, I don't do that so well, either.'" His weakest point was the storytelling. "I was using very few personal stories or anecdotes," he adds. "I was really missing the power of the personal connection."

Neufeld discovered what the best speakers will confirm—that what people really remember are those illumi-

nating, entertaining or touching stories that underscore the underlying message. "Traditionally, I'd have all my facts, figures and metrics to make a clear case," he says. "People walked away understanding it but not feeling it."

This is a "huge missing piece" in the leadership education of many CIOs, Bates says. "CIOs come up through the ranks giving complex PowerPoint presentations—which might work for technical audiences—but they often fail to cultivate that simplicity of a good story. I think CIOs and CFOs are some of the smartest people I've worked with.

Once they see the power of storytelling, they really get it."

In her new book, *Motivate Like a CEO*, Bates writes about how storytelling can also boost employee morale. "When you uncover stories about your successes and communicate them to the team, they get excited," she notes.

So how do you tell better stories? Where do you find the right ones to tell?

Start by tuning in to the people you consider great communicators. Watch for good stories to add to your repertoire. Listen for the messages behind the best anecdotes and think about why they resonated. Zero in on what you want to convey, then practice your stories with friends and colleagues.

Make sure your message is "short, clean and clear," says Neufeld. "Do this right and people will recall what it was about years later. The connection is that powerful."

As Editor in Chief of *CIO* magazine and events, Maryfran Johnson is always on the lookout for great speakers and good stories. She can be reached at mjohnson@cio.com. Follow her on Twitter: www.twitter.com/moryfranjohnson.

What people really remember are those illuminating, entertaining or touching stories that underscore the underlying message.



Quick Fix ■■■ Now You See It... Sometimes more content is posted to your Facebook news feed than you need to see on a regular basis. If that happens, simply hide their content from your news feed. Scroll your mouse over a link, video or status message that appears in your feed. You will see a "Hide" button in the upper right corner of that post. Hit it and voilà! No more inane updates.

...Negotiate a Severance Deal

BY MERIDITH LEVINSON

It's nearly impossible to think clearly when you're being laid off. Naturally, this is the worst time to consider a legally binding contract: the severance package that your employer may want you to sign, says Martha I. Finney, author of *Rebound: A Proven Plan for Starting Over After Job Loss*. It's important to understand any severance package, says Finney. "Signing that severance package right then and there could cost you many thousands of dollars," she writes in *Rebound*.

You owe it to yourself to review any severance deal and try to negotiate for more if you're unsatisfied. You have much to gain, especially if you keep in mind the following tips.

1] STAY CALM. Acting angry could blow your chances of getting severance pay. In *Rebound*, Finney quotes an attorney who says employers have been known to call a loud voice "workplace violence," which could give them cause to fire you on the spot. So long, severance.

2] ASK QUESTIONS. Take notes on what management tells you about your layoff. Ask your boss or HR representative such questions as, "What's your reasoning behind this?" and "Why am I part of the group being laid off?" Says Finney, "If you're asking them questions, you're forcing them to go off script. That's when they could say something that could serve your purposes later."



3] TAKE YOUR TIME. You have a legal right not to sign then and there no matter what the company tells you, says Finney. She suggests telling your employer that you're going to take the contract home to review it or talk about it with your spouse. Carefully reviewing the

document lets you determine whether you have any leverage, she adds. "There are so many reasons to delay signing a document like this," says Finney. For example, if you're being laid off toward the end of the month and you're able to delay your termination date by a few days into the following month, you may be eligible for an extra month of health insurance, notes Finney.

...promote your work to the boss

Unless you're a narcissist, self-promotion isn't an instinctive behavior. But nowadays, it can be a key to self-preservation at the office. Leadership experts say how you promote your work should mirror the tone and style of your audience in a way

that's comfortable for you. For example, says Russ Edelman, author of *Nice Guys Can Get the Corner Office*, if your boss is a charismatic leader, your self-promotional efforts should match his energy and dynamism. If you act humbly, you may not make your point. Similarly, watch out for situations

in which it would be inappropriate to discuss your accomplishments. So if you earned a promotion the same day a layoff was announced inside your organization, it's not a good idea to talk about your promotion that day, says Peggy Klaus, a workplace communication and leadership expert.

-M.L.

...catch up on Tweets

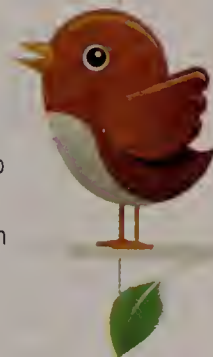
Missed a tweet from the boss? Have no fear: Twitter's people search can quickly help you find tweets from a person, to a person or referencing a person. To catch up on missed tweets, try these shortcuts using a people search on the main Twitter search bar. When you use the search bars in the advanced search feature, you don't need to put the @ sign in front of the person's name.

Type: @lanceormstrong. Twitter will search for: tweets referencing Lance Armstrong's Twitter handle.

Type: from:lanceormstrong. Twitter will search for: tweets from Lance Armstrong.

Type: to:lanceormstrong. Twitter will search for: all tweets directed at Lance Armstrong (messages that put his name at the front of the tweet).

-C.G. Lynch



SALES AND SERVICES

CIO SALES OFFICES

President and CEO

Michael Friedenberg
508 935-4310

Group Publisher

Bob Melk • 415 975-2685

Publisher Emeritus

Gary J. Beach
508 935-4202

EAST COAST

Regional Sales Manager

Ellie St. Louis
201 634-2332

Senior Sales Associate

Norma Tamburrino
201 634-2329
Fax • 201 634-9513

NEW ENGLAND/CENTRAL

Regional Sales Manager

Brett Ferry • 508 935-4684

Senior Sales Operations Coordinator

Bethany Whiffin
508 935-4092

WEST COAST

Regional Sales Managers

Kevin Ebmeyer
415 975-2684
Ai Collins
415 975-2686

Advertising Sales Associate

Lawrence Fu • 415 975-2683

SOUTHERN CALIFORNIA

Regional Sales Manager

Kevin Ebmeyer • 415 975-2684

CUSTOM SOLUTIONS GROUP

Vice President

Matt Avery
508 935-4796

National Director, Sales

Adam Dennison
508 935-4087

Editorial Director

Jim Malone

Senior Managing Editor

Debra Bulkeley

Managing Editor

Anne Taylor

Senior Project Operations Manager

Amy Greenleaf

Project Managers

Karen Capland,
Amy Freeman

ONLINE SALES

Vice President, Online Sales

Brian Glynn • 508 935-4586

Online Regional Sales Manager

Richard Hartman
508 935-4487

Online Regional Sales Manager, West Coast/Central

Erika Karr
415 978-3329

Online Sales Associate

Meghan Shepp
415 975-2687

Manager, Online Account Services

Danielle Tetreault
508 988-7969

Online Account Services Specialists

Jennifer Malkasian
508 988-6765
Elise Ryan
508 988-7819
Tara Shea
508 988-7877

Online Advertising Specialist

Barbara Sullivan
508 935-4144

LIST SERVICES

Contact Stephen Tozeski
of IDG List Services at
508 370-0822 or
stozeski@idglist.com.

For further sales

information:
[www3.cio.com/marketing/
contact/soles_contact.html](http://www3.cio.com/marketing/contact/soles_contact.html)

CIO is published in the U.S. as well as in:

Argentina, CIO Cono Sur
<http://conosur.cio.com>

Australia, CIO Australia
www.cio.idg.com.au

Brazil, CIO
www.cio.com.br

Bulgaria, CIO Bulgaria
www.cio.bg

Canada, CIO Canada
cio.itworldconodo.com

China, CEOCIO China

www.ceocio.com.cn

Finland, CIO

www.cio.fi

France, CIO France

www.cio-online.com

Germany, CIO IT-

Strategie für Manager
www.cio.de

India, CIO India

www.cio.in

Japan, CIO Magazine Japan

www.ciojp.com

New Zealand, CIO New Zealand

www.cio.co.nz

Norway,

CIO Computerworld Forum
www.idg.no/cio

Pakistan, CIO Pakistan
www.ciopakistan.com

Poland, CIO

www.cio.cxo.pl

Portugal, CXO

Russia, Chief Information
Officer Magazine
www.cio.ru

Singapore, CIO Asia

www.cio-asia.com

South Korea, CIO Korea

www.ciokorea.com

Sweden, CIO Sweden

www.cio.idg.se

Taiwan, CIO Taiwan

www.cio.com.tw

United Kingdom, CIO Magozine

www.cio.co.uk

CIO CONTACT INFORMATION

Editorial, Advertising and

Business Offices: CXO Media
Inc., 492 Old Connecticut Path,
P.O. Box 9208, Framingham, MA
01701-9208, 508 872-0080.

CIO (ISSN 0894-9301) is published
semi-monthly except for combined
issues Dec 15/Jan 1, Feb 15/Mar 1,
Mar 15/Apr 1, Apr 15/May 1, Jul 15/
Aug 1, Aug 15/Sep 1 by CXO Media
Inc. Periodicals postage paid at
Framingham, MA, and at additional
mailing offices. Canada Publica-
tions Mail Agreement Number
PM40063731. CANADIAN POST-
MASTER: Please return undeliver-
able copy to P.O. Box 1632, Windsor,
ON N9A 7C9.

Reprints & Permissions:

For information about reprints
and copyright permissions,
please contact The YG5 Group,
800-290-5460, ext. 128,
cio@theygsgroup.com.

Photocopy Rights: Permission to
photocopy for internal or personal
use or the internal or personal use of
specific clients is granted by CIO for
users through the Copyright Clear-
ance Center, provided that a fee of
\$3.50 per copy of the article is paid
directly to Copyright Clearance Cen-
ter, 222 Rosewood Drive, Danvers,
MA 01970. www.copyright.com.
Please specify: ISSN 0894-9301.
Permission to photocopy does not
extend to contributed articles fol-
lowed by this symbol: ‡.

Subscriptions: CIO is free to
qualified information executives.
To apply, use our online subscrip-
tion form at <http://www.cio.com/subscription-services>.
Subscriptions are also available on
a paid basis at a rate of \$95 for the
United States and Canada, \$195
International (payable in U.S. funds
only) and may be ordered online at
<http://www.cio.com/subscription-services>.
Or address inquiries to
CIO, P.O. Box 489, Northbrook, IL
60065-0489; 866 354-1125.
Please allow four to six weeks for
a new subscription to begin. The
single copy price is \$9 for the United
States and Canada, and \$15 Inter-
national. Prepayment is required,
payable in U.S. funds.

Change of Address: Please go to
<http://www.cio.com/subscription-services>
and follow the online
instructions.

Postmaster: Send change of
address to CIO, P.O. Box 489,
Northbrook, IL 60065-9816.
Printed in the U.S.A.

INDEX OF COMPANIES AND ADVERTISERS

Page numbers refer to the first page of the article(s) in which the company has a substantial mention.
This index is provided as a service to readers. The publisher does not assume any liability for errors or omissions.

COMPANY INDEX

Aker Philadelphia Shipyard Inc. . . . 22
AmerisourceBergen Corp. 14
Applied Materials Inc. 1B
Asuret Inc. 26
Automatic Data Processing Inc. . . . 22
Bates Communications 36
Beth Israel Deaconess Medical
Center. 6, 27
Breslow Starling Frost Warner PLLC . 33
Bureau of Economic Analysis 14
Bureau of Labor Statistics 15
Catapult Technology 33
CB Richard Ellis 6, 24
Ceridian Corp. 22
Cisco Systems Inc. 2B
Computing Technology Industry
Association Inc., The 15
CPS Energy. 6, 27
Denver Botanic Gardens. 40
DuPont 26
Execunet 15

Facebook 36
Federal Reserve 15
FMR LLC 36
Forrester Research Inc. 22
Freemind 33
Gartner Inc. 33
Google 30
Hamilton Beach Brands Inc. 30
IBM 1B
Information Technology and
Innovation Foundation 14
ING 30
Ingersoll-Rand Company Ltd. 33
JCP Media LP 16
Kennametal Inc. 26
Kronos Inc. 22
McGraw-Hill Companies, The B
McKinsey and Co. 14
MeisterLabs 33
Mindjet 33
Northrop Grumman Corp. 15
Polaroid Corp. 26

Purdue Pharma LP. 1B
Sysco Corp. 6, 25
Tata Consultancy Services Ltd. . . . 1B
TheBrain Technologies LP 32
Twitter 30, 37
U.S. Department of Labor 14
Virgin Megastores 6, 26
Wipro Ltd. 1B

ADVERTISER INDEX

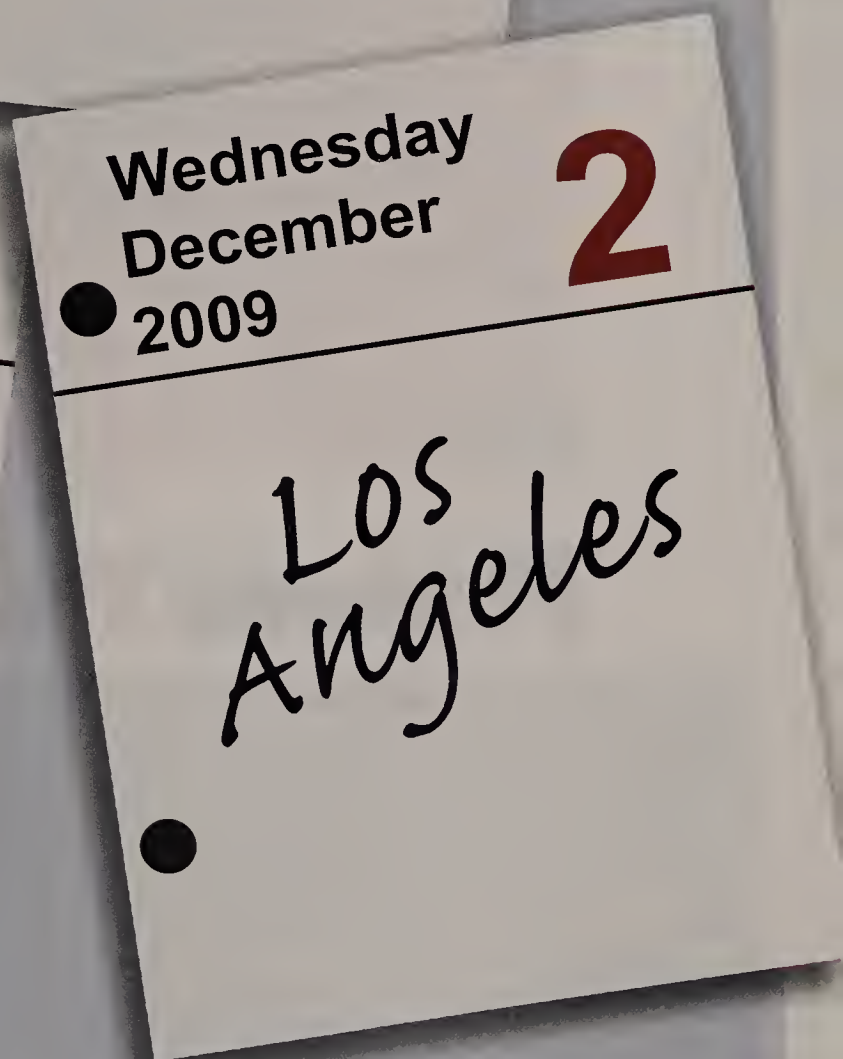
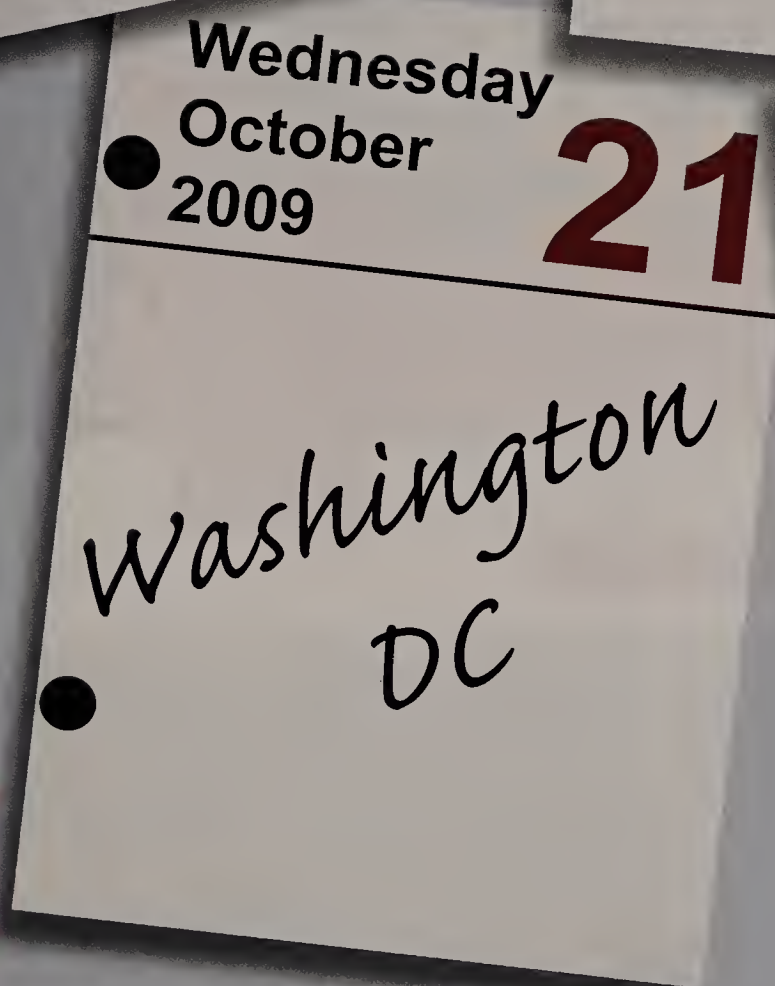
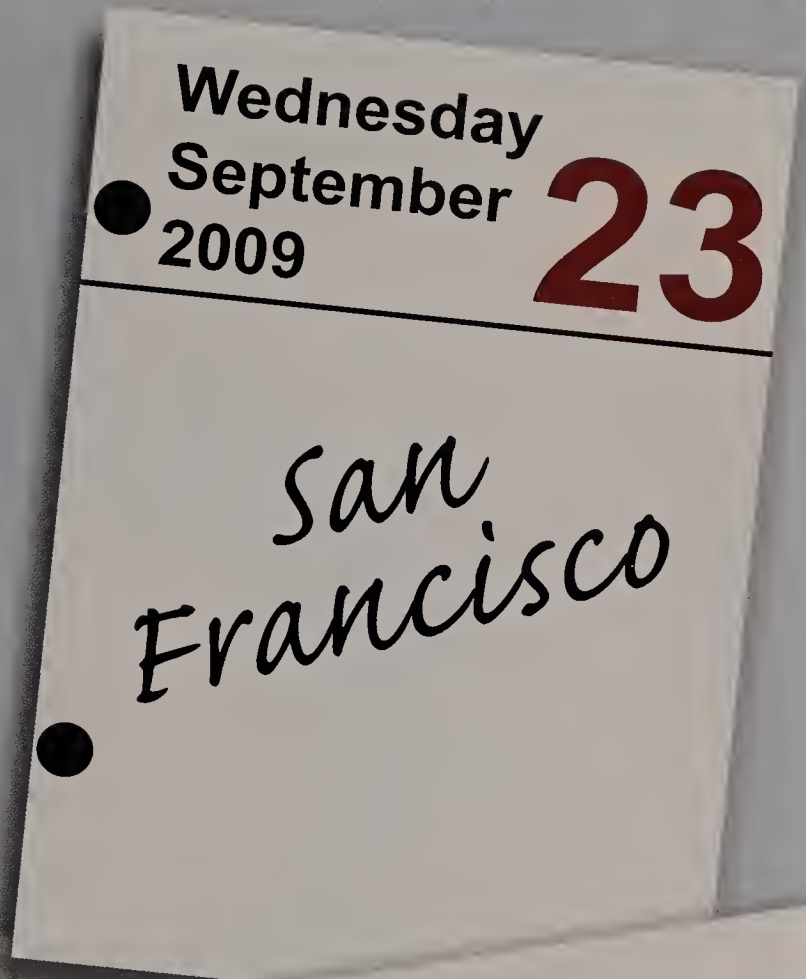
ACS 11
CA Inc. 4, 17, C4
Cisco Systems, Inc. 31
CXO Media Inc. 39, C3
Fujitsu 23
Intel Corp. 9, 34
Juniper Networks Inc. 2
Microsoft Corp. C2
NTT Communications 20
PowerSteering Software, Inc. 29
Qwest Communications 13
Sterling Commerce Inc. 7

Local Connections on Global Issues

Save the Date!

CIO

PERSPECTIVES



Produced by



In partnership with sister organization

CIO CIO Executive Council
Leaders Shaping the Future of Business

Visit www.cio.com/perspectives for complete details and to register. Reference priority code: **calendar** to take advantage of a complimentary registration.



Flower Power

With more than 31,000 plant species to care for, the Denver Botanic Gardens uses more than water and sunlight. A collections management database houses all the information about every plant. If, for example, a visitor wants to see the Siebold's primroses—a flower resembling a purple daisy—any horticulturist can look up the flower's location, age, health, growth record, nomenclature and how long it's been planted there. Visitors use kiosks to learn about the plants or follow garden tours. Every time the gardens get a new plant—about 4,000 a year—Director of Horticulture Sarada Krishnan's team identifies as much information as they can and puts it in the database, photos included. If a plant dies, they update the system with specifics about the plant's life and demise so they can better understand the health requirements for others. During a recent, major construction project, Krishnan and her team used the database BG-BASE and its maps to decide which plants could be relocated and which had to be sacrificed.

—Jarina D'Auria



Under Pressure? We know what you're facing. We are CIOs from 500 companies around the world dealing with the same strategic and tactical challenges.

We're helping each other, one-on-one. Join us in virtual and face-to-face meetings, and via new and shared content -- to to save money, avoid mistakes, bring new ideas to the business, build morale and develop our leadership teams. Visit council.cio.com to sample some of that content and register for select upcoming meetings.

You don't have to go it alone. <http://council.cio.com>



CIO Executive Council

Leaders Shaping the Future of Business

CIO magazine's CIO Executive Council is a dues-based professional association of hundreds of the world's leading CIOs who together form the most unbiased and reality-tested peer-advisory resource available. We have no vendors, no consultants or analysts and no hidden agendas.

For information on membership, please visit <http://council.cio.com>.

**YOU DON'T
NEED MORE
SECURITY.
YOU NEED
BETTER
SECURITY.**



CA Security Management software streamlines your IT security environment so your business can be more secure, agile and compliant without upsizing your infrastructure. All with faster time to value. Greater efficiency starts with more efficient IT. That's the power of lean.

Learn more at ca.com/security